MEMORANDUM

Agenda Item No. 11(A)(34)

TO:	Honorable Chairman Bruno A. Barreiro and Members, Board of County Commissioners	**DATE**:	October 2, 2007
FROM:	R. A. Cuevas, Jr. County Attorney	**SUBJECT**:	Resolution directing the County Manager to develop a plan to educate voters on the Super Homestead Property Tax Exemption

The accompanying resolution was prepared and placed on the agenda at the request of Commissioner Dorrin D. Rolle.

R. A. Cuevas, Jr.
County Attorney

RAC/dc

MEMORANDUM

(Revised)

TO:	Honorable Chairman Bruno A. Barreiro and Members, Board of County Commissioners	DATE:	October 2, 2007
FROM:	R. A. Cuevas, Jr. County Attorney	SUBJECT:	Agenda Item No. 11(A)(34)

Please note any items checked.

_______ "4-Day Rule" ("3-Day Rule" for committees) applicable if raised

_______ 6 weeks required between first reading and public hearing

_______ 4 weeks notification to municipal officials required prior to public hearing

_______ Decreases revenues or increases expenditures without balancing budget

_______ Budget required

_______ Statement of fiscal impact required

_______ Bid waiver requiring County Manager's written recommendation

_______ Ordinance creating a new board requires detailed County Manager's report for public hearing

_______ Housekeeping item (no policy decision required)

_______ No committee review

Approved	_______ Mayor	Agenda Item No.	11(A)(34)
Veto	_______	10-02-07	
Override	_______		

RESOLUTION NO. ____________

RESOLUTION DIRECTING THE COUNTY MANAGER TO DEVELOP AN ACTION PLAN TO EDUCATE VOTERS ABOUT THE SUPER HOMESTEAD PROPERTY TAX EXEMPTION PROPOSED TO BE VOTED ON JANUARY 29, 2008

WHEREAS, during the June Special Session, the Florida Legislature passed a joint resolution placing a constitutional amendment on the ballot that would provide for a Super Homestead Exemption for homestead property owners of up to $195,000 for each homeowner, and eventually would phase out the existing Save Our Homes caps over time; and

WHEREAS, this question will go on the January 29, 2008 statewide ballot and will require a 60 percent vote for passage; and

WHEREAS, the ballot question will require each voter to make a complicated decision unique to that particular voter about the amount of tax relief the Super Homestead Exception proposal might provide, if any; the amount of service cuts from county and city services the proposal might result in, and the impact the reduction might have on school funding; and

WHEREAS, the amount of property tax relief the Super Homestead Exemption proposal might provide would depend on a number of factors specific to each particular homeowner including how long a person has owned the home, how high the assessed value is on the current home, and how long the homeowner intends to stay in the current home; and

WHEREAS, in the event the Super Homestead Exemption proposal passes, future home buyers will no longer receive the benefits of the Save Our Homes caps; and

WHEREAS, existing homeowners will have to make a one-time irreversible choice between staying with the Save Our Homes caps and moving to the Super Homestead Exemption that has no caps; and

WHEREAS, the Super Homestead Exemption offers homeowners the short-term allure of tax savings in the initial years, but such short-term savings could end up costing thousands of dollars in additional tax payments over the long term; and

WHEREAS, the existing Save Our Homes caps generally provide more property tax savings over the long term because they limit how much a homeowner's property value can increase; while the Super Homestead Exemption offer does not limit how much a homeowner's property value and corresponding property tax bill might increase over time; and

WHEREAS, many homeowners will not benefit from giving up Save Our Homes caps for the Super Homestead Exemption, especially homeowners who plan to stay in their homes for many years; and

WHEREAS, some reports have indicated that, for the average Florida homeowner, the Super Homestead Exemption proposal provides higher tax relief than the current Save Our Homes caps for only the first six (6) years that a homeowner stays in the same home; while in subsequent years, not only would many homeowners have to pay back the savings they realized in the initial years, but in the long run, they may be required to pay higher taxes because the Super Homestead Exemption does not include caps; and

WHEREAS, homeowners who make the wrong choice related to the Super Homestead Exemption could cost themselves thousands of dollars in additional tax payments; and

WHEREAS, ensuring that voters have the information they need to make an informed decision about the proposed Super Homestead Exemption is in the public interest,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that the Board:

Section 1. Directs the County Manager to develop an action plan to educate voters in an objective and easy-to-understand manner about the Super Homestead Exemption proposal that will go to a statewide vote on January 29, 2008. The plan should focus on educating voters on the pros and cons of the Super Homestead Exemption proposal as compared to the existing Save Our Homes caps in an objective manner both generally and as it relates to homeowners' particular homestead property. In developing such a plan, the County Manager is directed to find ways to educate voters both through County initiatives as well as utilization of the local media, universities, policy think-tanks, community groups, and not-for-profit organizations. County educational initiatives shall include, but not be limited to, both web-based information and information inserted in the annual property tax bill mailed to each homeowner, that includes an individual analysis and graphs, specific to each homeowner, of the short- and long-term pros and cons of the Super Homestead Exemption proposal compared with the existing Save Our Homes caps, similar to the information in the attachments. The action plan shall include a fiscal analysis of the proposed education efforts.

Section 2. Directs the County Manager to provide the action plan set forth in Section 1 above to this Board within thirty (30) days of the effective date of this resolution.

The foregoing resolution was sponsored by Commissioner Dorrin D. Rolle and offered by Commissioner , who moved its adoption. The motion was seconded by Commissioner and upon being put to a vote, the vote was as follows:

Bruno A. Barreiro, Chairman
Barbara J. Jordan, Vice-Chairwoman

Jose "Pepe" Diaz	Audrey M. Edmonson
Carlos A. Gimenez	Sally A. Heyman
Joe A. Martinez	Dennis C. Moss
Dorrin D. Rolle	Natacha Seijas
Katy Sorenson	Rebeca Sosa
Sen. Javier D. Souto	

The Chairman thereupon declared the resolution duly passed and adopted this 2nd day of October, 2007. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By:________________________
Deputy Clerk

Approved by County Attorney as to form and legal sufficiency. JMM

Jess M. McCarty

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LORI PARRISH
BROWARD COUNTY
PROPERTY APPRAISER

Understanding the Tax Reform Proposals

>> WWW.BCPA.NET <<

Constitutio

What did the Florida Legislature approve this year for property tax reform?

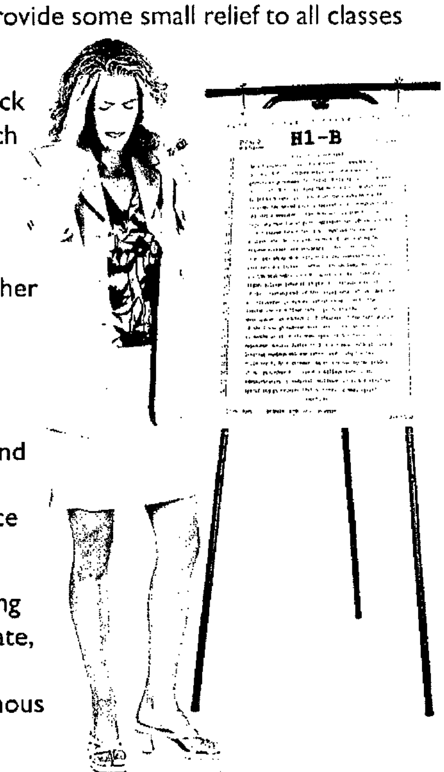
In the June 2007 Special Session, the Florida Legislature passed two laws. One -- House Bill 1-B ("H1-B") -- rolled back local government spending, resulting in some modest tax cuts this year. The other legislation approved was a proposed constitutional amendment, which will appear on the Presidential primary ballot on January 29, 2008.

How much will my property taxes be cut by the H1-B tax "roll-back" law?

Your Truth in Millage (TRIM) Notice of proposed property taxes shows you the approximate amount of your proposed property taxes this year versus last year. The actual amount of your total tax bill may be slightly lower on your November tax bill, as the taxing authorities routinely make additional spending cuts during the public hearings.

How does the new H1-B tax "roll-back" law work?

Under H1-B law, Florida counties, cities and several other taxing authorities must lower their tax rates a certain percentage based on their past taxing history. The school districts, which account for nearly 40% of your annual tax bill, are not required to make any budget cuts under this law. The tax cut in 2007 is expected to provide some small relief to all classes of property.



H1-B requires all cities, counties and special taxing districts to calculate the "rolled-back rate" for this fiscal year. In other words, the total tax collected for FY 2007-08 by each taxing authority must not exceed the amount from last year (FY 2006-07). However, taxing authorities are permitted to add to that amount the value of taxes for new construction which was not on last year's tax roll.

After calculating the rolled-back rate, H1-B next requires each city and county to further reduce taxes based on the recent taxing history from 2001-2006 in relation to the statewide averages during that period of time. Those taxing authorities who increased taxes at a faster rate than the statewide average are forced to make larger tax cuts. For the Broward County portion of your tax bill, the additional required cut is 5% beyond the rolled-back rate. For other Broward taxing authorities (cities and special taxing districts), the additional required cuts range between 0% and 9%, depending on the taxing history. Note: H1-B provides no tax rate cuts for debt service (bonds).

Beginning next year, and continuing each year thereafter, the law requires all local taxing authorities (except school districts) to set millage rates based upon the rolled-back rate, adjusted by population growth and the annual growth of Florida personal income. A taxing authority may override this cap requirement by a super-majority vote, a unanimous vote or a public referendum -- depending on the size of the tax increase -- making an override unlikely except in the case of an economic emergency such as community rebuilding after a major hurricane. Additionally, the annual cuts under this law are projected to be significantly larger in future years if the January 2008 Constitutional Amendment is approved because it would include large educational budget cuts for the public schools.

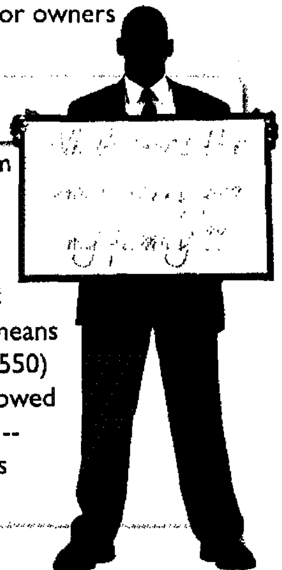
You may download a PDF copy of the entire H1-B tax reform law -- 69 pages long -- on the LEGISLATION page of our **www.bcpa.net** website. You can also download a five-page executive summary of the law (prepared by the Florida Senate) on our website.

Will H1-B give property owners any tax refunds for the 2001-2006 years?

No, the law does not provide for any refunds for past years.

What property tax issue is on the January 29, 2008 Presidential Primary ballot?

Floridians will decide whether to approve a proposed Constitutional Amendment. It contains several different items -- all voted on together as a single, packaged deal -- including the so-called "Super Exemption" for homesteaded properties, a phase-out of the Save Our Homes protection and the 3% annual assessment increase cap, a tax break for the tangible personal property of businesses, and assessment methodology changes that may reduce tax bills for owners of waterfront marinas and affordable residential rental properties.



What is the "Save Our Homes" protection and what is it worth?

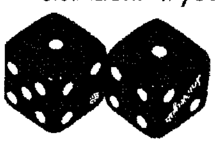
The Homestead Exemption currently exempts the first $25,000 of value (worth about $550) from the annual tax bill of homesteaded properties. The Florida Constitution also provides "Save Our Homes" (SOH) protection to all homesteaded properties, meaning the annual assessment for tax purposes cannot increase more than 3% per year -- regardless of how much more the property increased in actual market value. Due to the SOH protection, the average Broward homesteaded property saves an additional $2,900 in taxes each year above the basic homestead amount. This means the AVERAGE eligible Broward owner saves approximately $3,450 each year in taxes ($2,900 + $550) under the current law. If the Amendment passes, only current homesteaded owners would be allowed to keep the SOH protection (but only on the existing homesteaded property). Through attrition -- sales, deaths, moves -- SOH would be permanently phased-out over a period of years if the voters approve the Amendment in January.

What does the "Super Exemption" mean?

The "Super Exemption" would exempt 75% of the first $200,000 of market value of your home, plus exempt 15% of the next $300,000 in market value (amount may be adjusted in later years). The maximum protected by this exemption is $195,000 of assessed value. The Amendment does **NOT** contain any annual assessment cap, so your homesteaded tax assessment would increase each year to match the full market value under the "Super Exemption."

Will I save more with the "Super Exemption" or with Save Our Homes' 3% cap?

For many people, the answer is a gamble. There is no "one-size-fits-all" answer. The real answer depends on your specific situation. If you have substantial Save Our Homes savings currently, you'd do best to keep the current exemption. If you are a recent buyer, you could initially save more under the new plan -- although it may cost you much more within a few years. To see a side-by-side comparison of what the two plans will mean to you, visit our **www.bcpa.net** website. Just look up your own homesteaded property -- click on the link at the top of the page -- and you'll see if you save more money with the current law or the new amendment.



Does the Amendment give any protection for tenants, commercial properties or second homes?

No. These properties would all continue to be assessed each year at full market value. Unlike some other states, the proposal does not provide any direct tax benefit for residential renters. Landlords, however, may be able to obtain lower tax assessments if they keep rents affordable. Nothing in the law requires these savings be passed to the tenants.

What does the Amendment do for our public schools, police, and fire/EMS protection?

If the Amendment is approved by the voters, public school district funding throughout the state would be significantly cut starting in FY 2008-09. This would result in additional tax cuts for property owners, but at the cost of cutting educational funds for Florida's children. Newspaper reports have projected that further cuts under H1-B triggered by Amendment approval may result in a reduction in the number of police and fire/EMS positions in our community.

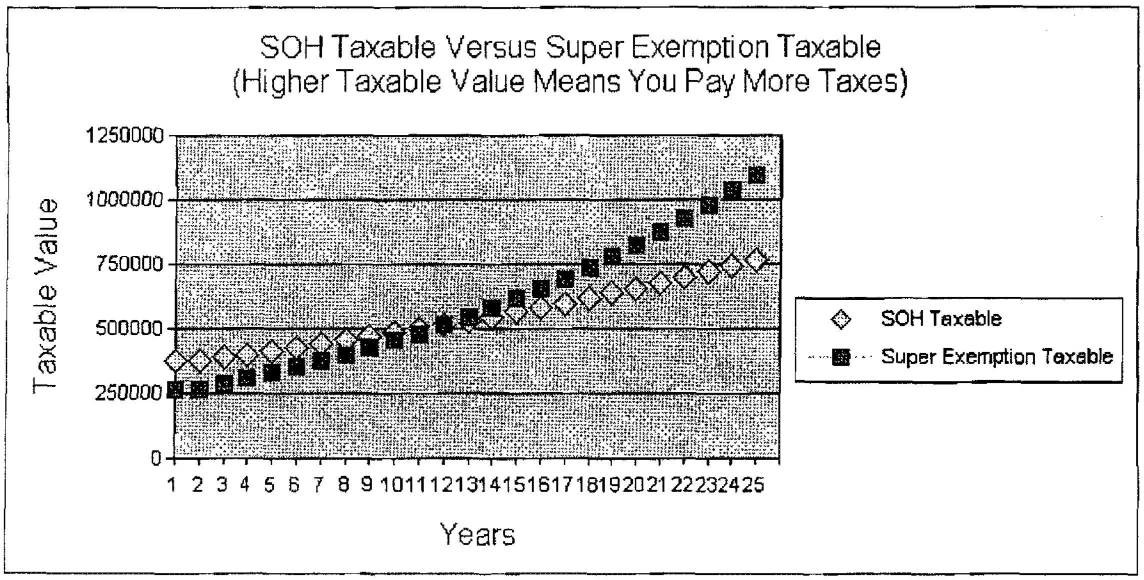
What happens if the Amendment fails in January?

If the voters reject the Amendment in January 2008, the current Homestead Exemption and Save Our Homes protection would remain intact. The Florida Legislature would then have an opportunity during the 2008 Session to propose a different approach and place it on the November 2008 ballot for voter approval.

Current Market Value :	$456,070
*** Current Save Our Home (SOH) Value :**	$400,220
**** Expected Market Growth Rate(Average Estimated Annual Increase/Decrease in Property Value) :**	5.0 %
Expected Per Capita Income Growth Rate :	4.0 %
Expected Consumer Price Index (CPI) Average(Average Estimated Rate of Inflation):	3.0 %
Current Exemptions :	$25,000

* If you purchased this property after Jan. 1, 2007 your SOH will be reset to market value for next year's Tax Roll.
** Normal market increase prior to 2001 averaged 5%
*** Calculation based upon 100% SOH/Super Exemption coverage.

Calculate



*** If negative, soh is better**

Year	Market	SOH	Current Exemptions	SOH Taxable	Super Exemption	Super Exemption Taxable	Taxable Value Difference*	Tax Difference (Does not take into account the present worth of a dollar for future years and assumes avg

								millage of 22 mills)
1	$456,070	$400,220	$25,000	$375,220	$188,411	$267,660	$107,561	$2,366
2	$478,874	$412,227	$25,000	$387,227	$191,831	$287,042	$100,184	$2,204
3	$502,817	$424,593	$25,000	$399,593	$195,423	$307,395	$92,199	$2,028
4	$527,958	$437,331	$25,000	$412,331	$199,194	$328,764	$83,567	$1,838
5	$554,356	$450,451	$25,000	$425,451	$203,153	$351,203	$74,249	$1,633
6	$582,074	$463,965	$25,000	$438,965	$207,311	$374,763	$64,202	$1,412
7	$611,177	$477,884	$25,000	$452,884	$211,677	$399,501	$53,383	$1,174
8	$641,736	$492,220	$25,000	$467,220	$216,260	$425,476	$41,744	$918
9	$673,823	$506,987	$25,000	$481,987	$221,073	$452,750	$29,237	$643
10	$707,514	$522,196	$25,000	$497,196	$226,127	$481,387	$15,809	$348
11	$742,890	$537,862	$25,000	$512,862	$231,018	$511,872	$991	$22
12	$780,034	$553,998	$25,000	$528,998	$235,459	$544,575	-$15,577	-$343
13	$819,036	$570,618	$25,000	$545,618	$240,077	$578,959	-$33,341	-$733
14	$859,988	$587,737	$25,000	$562,737	$244,881	$615,107	-$52,371	-$1,152
15	$902,987	$605,369	$25,000	$580,369	$249,876	$653,112	-$72,743	-$1,600
16	$948,137	$623,530	$25,000	$598,530	$255,071	$693,066	-$94,536	-$2,080
17	$995,544	$642,236	$25,000	$617,236	$260,474	$735,070	-$117,834	-$2,592
18	$1,045,321	$661,503	$25,000	$636,503	$266,093	$779,228	-$142,726	-$3,140
19	$1,097,587	$681,348	$25,000	$656,348	$271,936	$825,651	-$169,303	-$3,725
20	$1,152,466	$701,788	$25,000	$676,788	$278,014	$874,452	-$197,664	-$4,349
21	$1,210,089	$722,842	$25,000	$697,842	$284,334	$925,755	-$227,913	-$5,014
22	$1,270,594	$744,527	$25,000	$719,527	$290,908	$979,686	-$260,159	-$5,724
23	$1,334,124	$766,863	$25,000	$741,863	$297,744	$1,036,380	-$294,517	-$6,479
24	$1,400,830	$789,869	$25,000	$764,869	$304,854	$1,095,976	-$331,107	-$7,284
25	$1,470,871	$813,565	$25,000	$788,565	$312,248	$1,158,624	-$370,059	-$8,141